



2 October 2023

Future Lifestyle Plan

Statement of Investment Policy and Objectives (SIPO)

This Statement of Investment Policy and Objectives (SIPO) sets out the investment policy and objectives of the Future Lifestyle Plan and the Funds offered under the Future Lifestyle Plan.

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SECTION 1

Description of the Scheme

The Future Lifestyle Plan (**Scheme**) is registered as a legacy superannuation scheme under the Financial Markets Conduct Act 2013 (**FMCA**).

The Scheme is a 'defined contribution' scheme, which means that the benefits payable depends on contributions paid, returns on those contributions, and tax and fees deducted. The Scheme is closed to new investors.

The manager of the Scheme is Lifetime Asset Management Limited (**Manager, Lifetime, we, us and our**). We are also the investment manager and administration manager of the Scheme. We have appointed Link Market Services Limited to maintain the investor register and financial records for the Scheme and Adminis NZ Limited to provide unit pricing and the calculation of fund performance for the Scheme.

The supervisor of the Scheme is The New Zealand Guardian Trust Company Limited (**Supervisor**). The custodian of the Scheme is Adminis Custodial Nominees Limited (**Custodian**).

The Scheme offers pooled investments for the purpose of saving for retirement and gives investors access to a range of investments. The investments are represented by units, in the investor's choice of funds (**Fund or Funds**). These include a specific investment sector fund (**Single Sector Fund**) and diversified funds (**Diversified Funds**). The Diversified Funds range from funds that invest in a greater proportion of lower-risk investments, such as cash and cash equivalents and fixed interest, to funds that invest in a greater proportion of higher-risk investments, such as equities and property.

As at the date of this SIPO, the funds available to investors of the Scheme are:

Diversified Funds

Lifetime Conservative Fund
Lifetime Balanced Fund
Lifetime Growth Fund

Single Sector Fund

Lifetime Cash Fund

The Scheme comprises of separate Funds as detailed above. However, the assets of the Funds in the Scheme comprise of a single trust fund. Also, the assets of one Fund are available to be applied to meet the liabilities of any other Fund in the Scheme.

The beneficial interest in each Fund within the Scheme is divided into units and each unit represents an equal interest in that Fund. The value of an investor's interest in the Scheme is determined by multiplying the number of units attributable to the accounts held by the investor by the relevant unit price(s) of the Fund(s) they are invested in. The investor's interest in the Scheme is the aggregate of their interest held in each Fund. No investor acquires an interest in any particular asset of the Scheme to which their units in any particular Fund relate.

We may close, wind up, or alter any Funds at any time in accordance with the Trust Deed.

SECTION 2

Investment philosophy

Our Investment Philosophy is based on the following set of fundamental beliefs:

- ✔ Long-term investments out-perform short-term investments.
- ✔ The benchmark asset allocation of a fund is the primary driver of investment risk and return.
- ✔ We expect a well-diversified portfolio to provide investors with a less volatile investment experience, while single sector funds invested mainly in growth orientated assets (like shares and property) may provide the opportunity for improved investment returns albeit under more volatile conditions.
- ✔ We value quality, simplicity and transparency when selecting investments.
- ✔ By offering multi-asset-class funds, we maximise diversification for investors.
- ✔ The importance of strong governance and efficient portfolio management and implementation.
- ✔ The relationship between risk and return means that growth assets are likely to deliver higher returns over time but may be more volatile (prices falling as well as rising) while income assets are usually less volatile but are also likely to deliver a lower return over the long-term.
- ✔ The integration of environmental, social and governance (**ESG**) factors into our investment management processes because we believe that these factors are some of the drivers of long-term value for the Scheme's investors and their investments.

SECTION 3

Investment strategy

We seek to provide investors with a range of investment choices and investment management styles to enable them to tailor a portfolio that suits their unique goals and needs. We do this by investing the Funds within the Scheme into a range of underlying funds.

THE SCHEME OFFERS A RANGE OF FUND TYPES INCLUDING:

- ✔ Diversified Funds that provide exposure to a range of asset classes with varying ranges of benchmark asset allocations and ranges to provide differing balances of risk and return; and
- ✔ Single Sector Fund that primarily provides exposure to a single asset class.

We determine the investment strategy, objectives and policy of each Fund and set the benchmark asset allocations and ranges (where applicable) that reflects that strategy, objectives and policy (as set out in the Schedules). We then select one or more underlying funds and underlying fund managers that have adopted strategies, objectives and policies that provide the exposure required for the Funds.

Underlying fund managers used by the Scheme may invest in a broad range of shares (also known as equities), fixed interest investments, listed and unlisted property trusts/funds, cash instruments and in managed funds. Securities held by underlying fund managers or appointed investment managers may be listed or unlisted. Underlying fund managers may borrow, short-sell securities and use derivatives.

The underlying fund managers at the date of this SIPO are set out on pages 5 and 6.

Underlying Fund Managers Overview

Fisher Funds Management Limited (Fisher)

Fisher has been selected to manage the Scheme's investments in New Zealand Fixed Interest and Cash. The Funds attain this exposure by investing in the Fisher Institutional New Zealand Fixed Interest Fund and Fisher Institutional New Zealand Cash Fund.

Fisher has a 24-year track record in funds management and is a specialist New Zealand Fixed Interest and Cash investment manager. They apply a conviction-based approach to investment management and a clear and practical approach to responsible investment.

Fisher is a signatory to the United Nations sponsored Principles for Responsible Investment (PRI). Fisher's Socially Responsible Investing Policy touches on every element of their investment process, ensuring the investment team considers all Environmental, Social and Governance (ESG) issues when undertaking fundamental analysis of a company. Fisher also maintains a Prohibited Companies List that identifies companies which do not meet Fisher's ESG standards (because of the products they produce, services they engage in, or their past conduct). Fisher will not invest in companies on this list.

Simplicity NZ Limited (Simplicity)

Simplicity has been selected to manage the Scheme's investment in New Zealand Equities. The Funds attain this exposure by investing in the Simplicity NZ Share Fund.

Simplicity provides a practical, low-cost option for the Scheme's New Zealand equity exposure through their index-tracking NZ Share Fund.

Simplicity is a non-profit investment manager and applies a Responsible Investment Policy that excludes investment in companies with significant exposure (based on defined revenue thresholds) to the fossil fuel, alcohol, tobacco, gambling, adult entertainment, civilian firearms, military weapons, and nuclear power industries, as well as companies deemed to be non-compliant with the principles of the UN Global Compact under the following categories – Human rights, Labour, Environment, and Anti-Corruption.

Kernel Wealth Limited (Kernel)

Kernel has been selected to manage the Scheme's investments in New Zealand Listed Property. The Funds attain this exposure by investing in the Kernel NZ Commercial Property Fund.

Kernel is a New Zealand investment manager providing efficient exposure to listed property assets. Property is an important sector in which Kernel funds hold the real estate securities to match their weight in the respective indices, representing good tax and value balance.

As a manager, Kernel offsets their carbon emissions and is a certified Living Wage Employer. Kernel funds are index tracking, which determines the core sustainability/ESG factors.

The Kernel NZ Commercial Property Fund tracks the S&P/NZX Real Estate Select Index which is designed to measure the performance of the largest and most liquid members of the S&P/NZX All Index and classified within the GICS (Global Industry Classification Standard) real estate sector. The index does not consider sustainability/ESG factors.

**Mercer (N.Z.)
Limited (Mercer)**

Mercer has been selected to manage the Scheme's investment in International Equities, Australian Equities, and International Fixed Interest.

The Funds attain exposure to:

1. International Equities by investing in the Mercer Socially Responsible Overseas Shares Index Portfolio and Mercer Socially Responsible Hedged Overseas Shares Index Portfolio. We have split the portfolio 50% hedged and 50% unhedged at this time.

Mercer have appointed Legal & General Investment Management Limited (**Legal & General**) as the investment manager of these underlying funds. Legal & General make the decisions about what the underlying funds invest in.

2. Australian Equities by investing in the Mercer Macquarie Australian Shares Fund.

Mercer have appointed Macquarie Investment Management Global Limited (**Macquarie**) as the investment manager of this underlying fund. Macquarie makes the decisions about what this underlying fund invests in.

3. International Fixed Interest by investing in the Mercer Ethical Leaders Hedged Global Fixed Interest Fund.

Mercer have appointed UBS Asset Management (Australia) Ltd (**UBS**) as the investment manager of this underlying fund. UBS makes decisions about what this underlying fund invests in.

Mercer is part of Marsh & McLennan Companies, Inc (MMC), a Fortune 250 company. The Mercer network gives Scheme investors access to a global investment capability within tax effective funds designed for New Zealand investors. Mercer focuses on selecting investment managers who are specialists within their particular investment markets and who have demonstrated capability and conviction in portfolio construction and the execution of investment strategies. A formalised process of screening potential managers, including a detailed assessment of their ability and performance, is coupled with on-going monitoring and formal performance reviews. The aim is to achieve a level of returns meeting or exceeding the objectives set, from time to time, for each fund and which is consistent with the risk profile of each fund.

Mercer believes a sustainable investment approach is more likely to create and preserve long-term investment capital and, more specifically, that ESG factors can have a material impact on long-term risk and return outcomes and these should be integrated into the investment process. As an overarching principle, Mercer is committed to investing responsibly and prefer an integration and engagement-based approach. Mercer excludes investments in controversial weapons, tobacco companies and Russian assets across all their investment portfolios. Their Socially Responsible Portfolios have additional exclusions - gambling, alcohol, adult entertainment, and fossil fuels.

Where the assets of a Fund are not invested in underlying funds, the assets may, from time to time be placed on deposit with one or more New Zealand registered banks.

The underlying funds or any investments accessed, and the underlying fund manager(s) may be changed at any time without notice to investors. Details of the investments of each Fund can be found in the most recent fund update for each Fund.

SECTION 4

Investment objective

The investment objective of the Scheme is to provide investors with a range of Funds that individually or in combination will enable investors to meet their short, medium or long-term investment objectives in a manner that is consistent with their own individual risk/return profiles.

We aim to achieve this through the individual investment strategies and objectives for each Fund. These are detailed in the relevant Schedules.

All Diversified Funds have income and growth targets, as well as benchmark asset allocations and ranges for each asset class. The Single Sector Fund invests in a single asset class. These are set out in the relevant Schedules.

The underlying funds (selected by us to achieve investment in the asset classes set out in the relevant Schedules) may be invested either directly or indirectly (such as investment in further underlying funds).

SECTION 5

Investment policies

Currency hedging policy and monitoring process

Hedging may be used by the Scheme (with the exception of the Lifetime Cash Fund) to manage the exposure of assets to exchange rate fluctuations. A hedged position will not produce the full benefit of a favourable exchange rate movement, but at the same time will not expose the Fund to the full loss potential of an unfavourable exchange rate movement. A Fund which incorporates a currency hedge provides a buffer against currency fluctuations either in whole, or in part.

For each of the Funds with foreign currency exposure, we have adopted a currency hedging policy and monitoring process (as set out in the relevant Schedule) that is implemented within the underlying funds by the underlying fund managers. Hedging is not undertaken directly within the Funds.

The specific currency hedging policy and monitoring process for each Fund which has foreign currency exposure is detailed in the relevant Schedules.

Derivatives policy

Financial instruments known as 'derivatives' may be used for the purposes of risk management, performance enhancement or to optimise investment strategy implementation (i.e., as an alternative to investing in a physical asset). The use of derivatives is not considered in isolation but rather as part of the overall investment strategy.

Where we have adopted a derivatives policy, this is implemented within the underlying funds by the underlying fund managers.

Market risk management policy

Market risk is managed by selecting and monitoring underlying funds assessed as consistent with the investment strategy of the Fund and the Fund benchmark and invested within the permitted ranges.

Credit risk management policy

We select underlying fund managers with diversified fixed interest portfolios.

Rebalancing Policy and limit break reporting







Market movements and cash flows can result in the actual asset allocations becoming different from the benchmark asset allocations. To ensure that actual asset allocations remain close to the benchmark asset allocations and within the maximum permitted ranges as stated in the relevant Fund Schedules, we have set appropriate internal operating range limits for exposure to underlying asset classes, and we monitor them regularly to ensure that the maximum permitted range limits are not breached.

The internal operating range limits have been designed based on the maximum permitted range limits of the underlying funds, with an appropriate margin. If at any time any asset allocation falls outside of the internal operating ranges, a review is triggered with a view to rebalance to restore the allocation within the internal operating ranges and towards the targeted benchmark asset allocations within five working days.

For the avoidance of doubt, the 'internal operating ranges' are not the maximum permitted range limits – they are simply the level of variance where we would normally consider making adjustments to the asset allocations to move the asset allocation towards the benchmark asset allocations and to prevent any breach of the maximum permitted ranges (a limit break) occurring.

A 'limit break' is any breach of any limits on either the nature or type of investments that may be made by a Fund, or the maximum permitted range being the proportion of each type of assets that may be invested in.

In determining whether a limit break is material, the following factors will be considered:

-  the size of the breach, in relation to the Fund;
-  any losses to investors;
-  whether the breach involves related party transactions;
-  whether the breach is an isolated incident or part of a recurring pattern of breaches;
-  how quickly the breach is rectified after the manager becomes aware of the breach; and
-  how long the breach lasted.

In accordance with the Financial Markets Conduct Regulations 2014 (**FMCR**), we are required to provide a Limit Break Report for the Scheme to the Supervisor within 10 working days after the end of each quarter of each year. If a material limit break

occurs during the quarter and is not corrected within five working days after the date that we become aware of the limit break, we must report the limit break to the Supervisor and provide the information required as prescribed in the FMCR.

The benchmark asset allocations and ranges (where applicable) for each Fund and rebalancing policy is detailed in the relevant Schedules.

Tactical asset allocation policy

Based on the recommendations from the Investment Committee, we will consider tilting the allocation of underlying funds, within the maximum permitted ranges, and the sector exposure they provide, with the intention of providing an improved investment performance through short to medium term tactical asset allocations.

Liquidity and cash management policy

Funds may hold transactional cash for investor transactions and operational purposes. This is in addition to the permitted investments invested in by the underlying fund managers.

The Scheme bank account is monitored daily as part of the unit pricing process, and the monitoring of the Funds' liquidity levels, and any associated transactions, is undertaken as part of the daily bank account reconciliation process. We monitor each Fund's liquidity levels to ensure that there are sufficient available funds to meet obligations (which include withdrawals, taxation payments, fees and expenses) during normal market conditions.

Pricing/valuation policies

The assets of the Scheme are valued by an independent external party, Adminis NZ Limited, every working day, in accordance with their Pricing and Valuation Policies. These policies set out the valuation principles to be applied to determine asset values for use in the calculation of the NAV of the Funds. The primary purpose of deriving this NAV is to determine the appropriate unit price at which investor transactions may be processed as well as to determine the value of investor balances for the calculation of related fees.

The policies have been constructed with reference to industry best practice, NZ International Financial Reporting Standards, and comply with any legislation introduced in New Zealand by relevant authorities. The pricing and valuations methodologies adopted ensure the unit pricing and valuation process is fair and equitable, transparent, applied consistently and reviewed regularly.

Responsible investment policy

We believe that over the long term, companies with strong environmental, social and governance (ESG) practices should deliver stronger risk-adjusted returns than those without. In selecting an underlying fund manager, one of the selection criteria is the manager's ESG practices.

The Manager and the underlying fund managers generally seek out companies with good ESG practices, to provide Scheme investors with funds that meet investors' needs and expectations.

The Scheme currently offers a range of investment options to the Scheme's investors, using underlying fund managers with differing approaches to responsible investing.

Related party transactions

Any transactions with related parties of the Scheme will be conducted in accordance with the rules on related-party transactions that apply to Managed Investment Schemes (MISs) under the FMCA. The general rule under the FMCA is that the manager (and any investment manager, administration manager, or other person to whom the manager has contracted some or all of its manager functions) of a scheme is prohibited from entering into a transaction that provides for a related party benefit to be given.

The FMCA does provide an exception to this rule whereby the manager can enter into a transaction that provides for a related party benefit, if the manager:

• Notifies the Supervisor of the transaction, the related party benefits given under that transaction, the key terms of the transaction; and either:

- the transaction is 'permitted', and the manager certifies to the Supervisor to this effect; or
- the manager obtains the Supervisor's consent to the transaction, which may only be given where the Supervisor considers it to be in the best interests of investors or it is approved by or contingent on approval by a special resolution of affected investors.

Any related party transaction entered into requires the approval of our Board.

For further information on the rules on related party transactions that apply to MISs under the FMCA, please visit the guidance library for managed investments on the FMA website at fma.govt.nz.

Conflicts of interest

Conflicts of interest can arise when the interest of the Manager's employees, customers or entities are inconsistent with, or diverge from, some or all of the interests of shareholders or another Lifetime entity (while it is related) or investors in our Scheme.

In relation to investment decisions for the Scheme, a conflict of interest is a financial or any other interest, a relationship, or any other association of any of the following people that would, or could reasonably be expected to, materially influence the investment decisions of the Manager or an investment manager (or both) in respect of the Scheme:

- a. the Manager;
- b. a director, senior manager, or employee of the Manager who has a significant impact on the investment decisions that are made in respect of the Scheme;
- c. an investment manager of the Scheme; or
- d. an associated person (as defined in the FMCA) of the Manager (or a director or senior manager of that associated person).

We will take on an ongoing basis, the following steps to manage any conflicts:

- a. Complying with the requirements of the FMCA for related party transactions, as set out in the 'Related Party Transactions' section above.
- b. Adopting the Lifetime Conflicts of Interest and Related Party Transactions Policy.

This policy sets out our process for identifying and managing any conflicts of interest and related party transactions. It requires employees to raise any potential conflict of interest with one of our directors, who will escalate that conflict to the full Board if the director decides a potential adverse conflict of interest exists. The Board will then determine measures to address any conflict identified. We have also adopted a Code of Conduct.

- c. In addition, as we are the Manager of the Scheme, we are subject to duties under the Trust Deed, including duties to act honestly and in the best interests of investors. Our directors and senior managers are also subject to duties, including a duty prohibiting them from making use of information acquired through their position to gain an improper advantage for themselves or any other person, or cause detriment to investors.

Taxation policy

The Scheme has not elected to become a portfolio investment entity. The Funds are taxed as a multi-fund single superannuation scheme at the rate of 28%.

The Funds' taxable income is calculated based on the tax rules applying to underlying investment assets.

The Funds may be indirectly invested in some, or all, of these assets:

Asset	Tax Payable on Capital Gains/ Losses	Tax Payable on Dividends and Interest	Tax Payable on Deemed 5% Return, per 'Fair Dividend Rate' (FDR) Method
New Zealand Equities	No	Yes	No
Australian Equities [^]	No	Yes	No
Australian Unit Trusts (AUT)*	No	No	Yes
Global Equities**	No	No	Yes
Cash and cash equivalents, fixed interest, currency hedges and other financial instruments	Yes	Yes	No***

[^]This treatment applies to most listed Australian equities. Other Australian equities are generally treated in the same manner as global equities.

*Some limited exemptions apply where there is a Resident Withholding Tax (RWT) proxy (a NZ entity that administers payments and deducts RWT) in relation to payments from the AUT and the AUT meets minimum turnover thresholds.

**The Mercer Socially Responsible Hedged Overseas Shares Index Portfolio applies the Comparative Value (CV) Method on hedging. The portfolio is 139% hedged to the New Zealand dollar on a before tax basis to provide a 100% hedge to the New Zealand dollar on an after-tax basis (assuming a tax rate of 28%).

***In some circumstances, currency hedges will be taxed on a full foreign exchange rate gain or on a deemed 5% return.

Withdrawals from the Funds are not subject to tax, although may be taken into account for means testing for government benefits.

SECTION 6

Investment performance monitoring

The investment performance of the Funds is measured each working day as part of the unit pricing process and forms the basis for the performance calculations. We measure performance for each Fund on an after-fees and before-tax basis, and an after-fees and after-tax basis.

We monitor and review the investment performance of the Funds monthly. The performance of each Fund is monitored over various periods and is aggregated into longer-term measures of performance, including but not limited to monthly, three-monthly, one-year, three-year and five-year. These are compared against each Fund's objective and a relevant market index or composite index (as applicable).

SECTION 7

Investment strategy review

We oversee the development, implementation, monitoring and performance of the investment strategy of the Funds within the Scheme, including selecting or removing underlying fund manager(s) and underlying fund(s). As well as the selection process, all incumbent underlying fund managers, are subject to ongoing monitoring by us.

We will normally review the investment strategy for each Scheme Fund on a bi-annual basis or when the market warrants it. This includes a strategic asset allocation review of each Scheme Fund in order

to set what we believe will be the most effective benchmark asset allocation and ranges for the Fund to achieve its long-term performance objective while remaining in-line with its risk profile.

We may also seek advice and recommendations from external investment advisers concerning the Funds and underlying funds and utilise investment research and other tools to provide recommendations on the underlying fund managers, where applicable.

SECTION 8

SIPO compliance and review

We monitor the Scheme Funds' and underlying funds' compliance with the SIPO each month.

The SIPO is reviewed at least annually.

A formal review of the SIPO may also be triggered where there is a material change to any of the Funds including, but not limited to:

- 🍃 any fundamental changes in the investment environment;
- 🍃 the nature or type of investments that may be made;
- 🍃 the benchmark and asset ranges of the Funds;
- 🍃 a change to an underlying fund manager or underlying fund;
- 🍃 a change to any of the investment objectives of a Fund/s; or
- 🍃 a change to any of the investment strategy or investment policy of a Fund/s.

Reviews will be undertaken in consultation with the underlying fund managers and will also take into account the legislative requirements, and the Financial Markets Authority's SIPO guidelines applicable at the time.

We can make changes to the SIPO at any time. We will provide the Supervisor prior notice and a copy of the revised SIPO for their review before making any changes. Any changes to the SIPO are approved by our Board and are subject to the restrictions (if any) contained in the Trust Deed. Any material changes will be included in the Scheme's annual report.

The Future Lifestyle Plan's latest SIPO is available on the scheme register at **disclose-register.companiesoffice.govt.nz**.

SECTION 9

Market indices

The relevant market indices for each Fund are detailed in the relevant Schedules.

We may change the market indices at any time and without notice to investors, provided that any relevant requirements of the FMCA are met.

More information about the market indices can be found at the index providers' websites:

Sector	Market index	Where to find more information
Cash and Cash Equivalents	S&P/NZX Bank Bills 90-Day Index	spglobal.com/spdji/en
New Zealand Fixed Interest	Bloomberg NZBond Composite 0+ Yr Index	bloomberg.com/professional/product/indices
International Fixed Interest	Bloomberg MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, 100% hedged to NZD	bloomberg.com/professional/product/indices
Australasian Equities	Morningstar New Zealand (total return) Index, including imputation credits	indexes.morningstar.com/our-indices
	S&P/ASX 200 Accumulation Index (in NZD)	spglobal.com/spdji/en
International Equities	MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons, 50% hedged in NZD	msci.com/our-solutions/indices
Listed Property	S&P/NZX Real Estate Select Index	spglobal.com/spdji/en

The above links may change from time to time.

Glossary

Benchmark asset allocation is the long-term average expected weighting for each asset class. This is referred to as the target investment mix in the Financial Markets Conduct Regulations 2014.

Board means the Manager's Board and its directors.

Derivative means a financial contract with a value that is dependent on, or derived from, one or more underlying assets or reference items. The most common underlying assets or reference items include equities, fixed interest, currencies, cash, interest rates, events, entities and market indices.

Diversified Funds are funds designed to diversify your investment across a range of asset classes.

FDR means Fair Dividend Rate. A method used to calculate tax on attributing interests in offshore investments.

FMA means the Financial Markets Authority.

FMCA means the Financial Markets Conduct Act 2013.

FMCR means the Financial Markets Conduct Regulations 2014.

Funds means the funds listed on page 3 under 'Description of the Scheme' and Fund means whichever one is relevant in the context.

Growth assets include investments in property, and equities (shares). Growth assets aim to provide capital growth and usually have a higher risk than income assets.

Income assets include investments such as cash and cash equivalents and fixed interest (bank deposits and bonds). Income assets aim to provide you with steady interest income and capital preservation, but their long-term earning potential is usually lower than growth assets.

Investment Committee means the Manager's Investment Committee.

Investment Manager in relation to an underlying fund means the underlying fund manager or another party appointed by the underlying fund manager to act as investment manager of an underlying fund.

Manager, we, us, and our means Lifetime Asset Management Limited. We also are the investment manager and administration manager of the Scheme.

Net Asset Value or **NAV** means the market value of the Fund's assets plus any income accrued less the market value of its liabilities.

RWT means Resident Withholding Tax. RWT is deducted from interest or dividend income attributed to a New Zealand tax resident.

Scheme means the Future Lifestyle Plan.

Single Sector Fund means a fund that only invests in one of the major asset classes such as cash, fixed interest, equities, or property.

SIPO means this Statement of Investment Policy and Objectives.

Supervisor means The New Zealand Guardian Trust Company Limited.

Trust Deed means the trust deed for the Scheme dated 12 September 2019, as subsequently amended.

Underlying fund means an underlying fund the assets of the Funds are generally invested in.

Underlying fund manager means the licenced managed investment scheme manager of the scheme and underlying funds in which the Future Lifestyle Plan Funds invest.





Schedules

Schedule 1 – Lifetime Cash fund

Investment objective and policy:

Seeks to track the S&P/NZX Bank Bills 90-Day Index (before annual fund charge and tax).

Authorised investments:

The Fund will invest in cash through investing in a single sector underlying fund managed by the underlying fund manager to provide exposure.

Transactional cash may be held for operational purposes.

Underlying Fund	Underlying Fund Manager	Investment Manager
Fisher Institutional New Zealand Cash Fund	Fisher	Fisher

Performance objective:

To track the market index.

Benchmark asset allocation, range and benchmark index:

The assets of the Fund (excluding transactional cash) will be invested in the underlying fund to provide exposure within the investment range set out below:

Asset Class	Benchmark Asset Allocation %	Range %	Benchmark Index
Cash and Cash Equivalents	100%	100%	S&P/NZX Bank Bills 90-Day Index
Total Income Assets	100%		

Currency hedging policy:

No currency hedging will be required.

Rebalancing policy:

The Fund will be exposed to only one asset class. Therefore, we will not need to rebalance the Fund as it will always have 100% exposure to Cash.

Schedule 2 – Lifetime Conservative fund

Investment objective and policy:

Seeks to track composite indices (before annual fund charge and tax), comprising:

- 10% S&P/NZX Bank Bills 90-Day Index
- 35% Bloomberg NZBond Composite 0+ Yr Index
- 35% Bloomberg MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, 100% hedged to NZD
- 2% Morningstar New Zealand (total return) Index, including imputation credits
- 2% S&P/ASX 200 Accumulation Index (in NZD)
- 5.5% MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons
- 5.5% MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons, 100% hedged to NZD
- 5% S&P/NZX Real Estate Select Index

Authorised investments:

The Fund will invest in the asset classes listed in the table on the following page through investing in single sector underlying funds managed by the underlying fund managers to provide exposure to the asset classes listed.

Transactional cash may be held for operational purposes.

Underlying Funds	Underlying Fund Managers	Investment Managers
Fisher Institutional New Zealand Cash Fund	Fisher	Fisher
Fisher Institutional New Zealand Fixed Interest Fund	Fisher	Fisher
Mercer Ethical Leaders Hedged Global Fixed Interest Fund	Mercer	UBS
Simplicity NZ Share Fund	Simplicity	Simplicity
Mercer Macquarie Australian Shares Fund	Mercer	Macquarie
Mercer Socially Responsible Overseas Shares Index Portfolio	Mercer	Legal & General
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	Mercer	Legal & General
Kernel NZ Commercial Property Fund	Kernel	Kernel

Performance objective:

To track the composite index.

Benchmark asset allocation, range and benchmark index:

The assets of the Fund (excluding transactional cash) will be invested in underlying funds that provide exposure within the investment ranges set out below:

Asset Class	Benchmark Asset Allocation %	Range %	Benchmark Index
Cash and Cash Equivalents	10%	0% - 20%	S&P/NZX Bank Bills 90-Day Index
New Zealand Fixed Interest	35%	25% - 45%	Bloomberg NZBond Composite 0+ Yr Index
International Fixed Interest	35%	25% - 45%	Bloomberg MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, 100% hedged to NZD
Total Income Assets	80%		
Australasian Equities	4%	0% - 14%	50% Morningstar New Zealand (total return) Index, including imputation credits, 50% S&P/ASX 200 Accumulation Index (in NZD)
International Equities (hedged & unhedged)	11%	6% - 16%	MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons, 50% hedged to NZD
Listed Property	5%	0% - 10%	S&P/NZX Real Estate Select Index
Total Growth Assets	20%		

Currency hedging policy:

The following foreign currency exposure targets will apply to international assets:

- International Fixed Interest – 100% hedged to New Zealand dollars.
- Australian Equities – unhedged. However, the underlying fund manager has the discretion to hedge the underlying fund back to New Zealand dollars.
- International Equities – 50% hedged to New Zealand dollars. However, we may aim to add value by tactically adjusting the strategic hedging level on international shares above or below the benchmark of 50% depending on our view of how the New Zealand dollar will perform.

The Fund has a target of 7.5% unhedged currency exposure.

Currency monitoring process:

The Fund will (or will invest in underlying funds that will) monitor any currency hedging levels regularly.

Rebalancing policy:

We have set appropriate internal operating range limits. If, at any time, any allocation falls outside of the internal operating ranges, a review is triggered with a view to rebalance to restore the allocation to within the internal operating ranges and towards the targeted benchmark asset allocations within five working days.

Schedule 3 – Lifetime Balanced Fund

Investment objective and policy:

Seeks to track composite indices (before annual fund charge and tax), comprising:

- 5% S&P/NZX Bank Bills 90-Day Index**
- 17.5% Bloomberg NZBond Composite 0+ Yr Index**
- 17.5% Bloomberg MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, 100% hedged to NZD**
- 7.5% Morningstar New Zealand (total return) Index, including imputation credits**
- 7.5% S&P/ASX 200 Accumulation Index (in NZD)**
- 17.5% MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons**
- 17.5% MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons, 100% hedged to NZD**
- 10% S&P/NZX Real Estate Select Index**

Authorised investments:

The Fund will invest in the asset classes listed in the table on the following page through investing in single sector underlying funds managed by the underlying fund managers to provide exposure to the asset classes listed.

Transactional cash may be held for operational purposes.

Underlying Funds	Underlying Fund Managers	Investment Managers
Fisher Institutional New Zealand Cash Fund	Fisher	Fisher
Fisher Institutional New Zealand Fixed Interest Fund	Fisher	Fisher
Mercer Ethical Leaders Hedged Global Fixed Interest Fund	Mercer	UBS
Simplicity NZ Share Fund	Simplicity	Simplicity
Mercer Macquarie Australian Shares Fund	Mercer	Macquarie
Mercer Socially Responsible Overseas Shares Index Portfolio	Mercer	Legal & General
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	Mercer	Legal & General
Kernel NZ Commercial Property Fund	Kernel	Kernel

Performance objective:

To track the composite index.

Benchmark asset allocation, range and benchmark index:

The assets of the Fund (excluding transactional cash) will be invested in underlying funds that provide exposure within the investment ranges set out below:

Asset Class	Benchmark Asset Allocation %	Range %	Benchmark Index
Cash and Cash Equivalents	5%	0% - 15%	S&P/NZX Bank Bills 90-Day Index
New Zealand Fixed Interest	17.5%	12.5% - 22.5%	Bloomberg NZBond Composite 0+ Yr Index
International Fixed Interest	17.5%	12.5% - 22.5%	Bloomberg MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, 100% hedged to NZD
Total Income Assets	40%		
Australasian Equities	15%	5% - 25%	50% Morningstar New Zealand (total return) Index, including imputation credits, 50% S&P/ASX 200 Accumulation Index (in NZD)
International Equities (hedged & unhedged)	35%	25% - 45%	MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons, 50% hedged to NZD
Listed Property	10%	5% - 15%	S&P/NZX Real Estate Select Index
Total Growth Assets	60%		

Currency hedging policy:

The following foreign currency exposure targets will apply to international assets:

- International Fixed Interest – 100% hedged to New Zealand dollars.
- Australian Equities – unhedged. However, the underlying fund manager has the discretion to hedge the underlying fund back to New Zealand dollars.
- International Equities – 50% hedged to New Zealand dollars. However, we may aim to add value by tactically adjusting the strategic hedging level on international shares above or below the benchmark of 50% depending on our view of how the New Zealand dollar will perform.

The Fund has a target of 25% unhedged currency exposure.

Currency monitoring process:

The Fund will (or will invest in underlying funds that will) monitor any currency hedging levels regularly.

Rebalancing policy:

We have set appropriate internal operating range limits. If, at any time, any allocation falls outside of the internal operating ranges, a review is triggered with a view to rebalance to restore the allocation to within the internal operating ranges and towards the targeted benchmark asset allocations within five working days.

Schedule 4 – Lifetime Growth Fund

Investment objective and policy:

Seeks to track composite indices (before annual fund charge and tax), comprising:

- 10% **Bloomberg NZBond Composite 0+ Yr Index**
- 10% **Bloomberg MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, 100% hedged to NZD**
- 10% **Morningstar New Zealand (total return) Index, including imputation credits**
- 10% **S&P/ASX 200 Accumulation Index (in NZD)**
- 22.5% **MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons**
- 22.5% **MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons, 100% hedged to NZD**
- 15% **S&P/NZX Real Estate Select Index**

Authorised investments:

The Fund will invest in the asset classes listed in the table on the following page through investing in single sector underlying funds managed by the underlying fund managers to provide exposure to the asset classes listed.

Transactional cash may be held for operational purposes.

Underlying Funds	Underlying Fund Managers	Investment Managers
Fisher Institutional New Zealand Cash Fund	Fisher	Fisher
Fisher Institutional New Zealand Fixed Interest Fund	Fisher	Fisher
Mercer Ethical Leaders Hedged Global Fixed Interest Fund	Mercer	UBS
Simplicity NZ Share Fund	Simplicity	Simplicity
Mercer Macquarie Australian Shares Fund	Mercer	Macquarie
Mercer Socially Responsible Overseas Shares Index Portfolio	Mercer	Legal & General
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	Mercer	Legal & General
Kernel NZ Commercial Property Fund	Kernel	Kernel

Performance objective:

To track the composite index.

Benchmark asset allocation, range and benchmark index:

The assets of the Fund (excluding transactional cash) will be invested in underlying funds that provide exposure within the investment ranges set out below:

Asset Class	Benchmark Asset Allocation %	Range %	Benchmark Index
Cash and Cash Equivalents	0%	0% - 10%	S&P/NZX Bank Bills 90-Day Index
New Zealand Fixed Interest	10%	5% - 15%	Bloomberg NZBond Composite 0+ Yr Index
International Fixed Interest	10%	5% - 15%	Bloomberg MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, 100% hedged to NZD
Total Income Assets	20%		
Australasian Equities	20%	10% - 30%	50% Morningstar New Zealand (total return) Index, including imputation credits, 50% S&P/ASX 200 Accumulation Index (in NZD)
International Equities (hedged & unhedged)	45%	35% - 55%	MSCI World Index NR ex NZ, Tobacco, Controversial and Nuclear Weapons, 50% hedged to NZD
Listed Property	15%	10% - 20%	S&P/NZX Real Estate Select Index
Total Growth Assets	80%		

Currency hedging policy:

The following foreign currency exposure targets will apply to international assets:

- International Fixed Interest – 100% hedged to New Zealand dollars.
- Australian Equities – unhedged. However, the underlying fund manager has the discretion to hedge the underlying fund back to New Zealand dollars.
- International Equities – 50% hedged to New Zealand dollars. However, we may aim to add value by tactically adjusting the strategic hedging level on international shares above or below the benchmark of 50% depending on our view of how the New Zealand dollar will perform.

The Fund has a target of 32.5% unhedged currency exposure.

Currency monitoring process:

The Fund will (or will invest in underlying funds that will) monitor any currency hedging levels regularly

Rebalancing policy:

We have set appropriate internal operating range limits. If, at any time, any allocation falls outside of the internal operating ranges, a review is triggered with a view to rebalance to restore the allocation to within the internal operating ranges and towards the targeted benchmark asset allocations within five working days.





CONTACT US

Our helpdesk staff are available to assist you with any queries. Please note that our contact centre staff are not able to provide you with financial advice.

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